

Service Date: April 14, 2005

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF NORTHWESTERN	)	UTILITY DIVISION
ENERGY, Annual Application to	)	
Implement its Unreflected Gas Cost, Gas Cost	)	DOCKET NO. D2003.6.66
Tracking and Gas Transportation Adjustment	)	ORDER NO. 6491e
Clause Procedures	)	

IN THE MATTER OF NORTHWESTERN	)	UTILITY DIVISION
ENERGY, Application for Annual Review	)	
of Interim Monthly Gas Cost Tracking	)	DOCKET NO. D2004.6.88
Adjustments and Final Approval of Monthly	)	ORDER NO. 6579c
Interim Rate Changes	)	

**FINAL ORDER**  
**APPROVING STIPULATION AND AGREEMENT, WITH CONDITIONS**

**Background**

As a result of a Public Service Commission (PSC) final order in PSC Docket No. D2002.11.140, NorthWestern Energy's (NWE) 2002 annual natural gas cost tracker (tracker), NWE was denied approximately \$6 million in deferred gas cost recovery and \$4.6 million (originally estimated as \$6 million) in prospective gas costs requested by NWE in NWE's 2003 tracker, PSC Docket No. D2003.6.66. NWE has petitioned for judicial review of that final order.

On December 1, 2004, NWE, and the only intervenor in the NWE 2003 tracker and 2004 tracker, PSC Docket No. D2004.6.88, Montana Consumer Counsel (MCC), filed before the PSC a Stipulation and Agreement (stipulation) settling all issues between them. A copy of the stipulation is attached as Appendix A. Except for an approximate \$200,000 reduction (carrying charge adjustment) in NWE's gas costs, NWE and MCC have agreed to the NWE trackers as filed.

On March 10, 2005, the PSC held a public hearing and presentation regarding the stipulation. NWE and MCC appeared before the PSC, presented the stipulation, and responded to questions. No other person provided comment, information, or views to the PSC.

#### Approval of Stipulation

The PSC determines that the NWE and MCC stipulation presents a reasonable resolution of all substantial issues, the substantial issues do not require further process or full contested case procedures, and approval of the stipulation will result in just and reasonable rates. The PSC determines that there is no compelling reason to reject the stipulation under the circumstances. The PSC determines the stipulation should be approved in accordance with the terms and conditions of the stipulation, with three clarifications, qualifications, or conditions.

#### Clarifications, Qualifications, or Conditions

The three clarifications, qualifications, or conditions to the PSC approval of the NWE and MCC stipulation are:

1. NWE's natural gas purchasing practices and procurement strategies are settled for purposes of NWE's 2003 (PSC Docket No. D2003.6.66) and 2004 (PSC Docket No. D2004.6.88) trackers and will not be further reviewed for the periods covered by those dockets.
2. Regarding part II, item 5, of the stipulation (advisory committee), NWE shall file its proposal regarding natural gas procurement no later than June 15, 2005, and preferably as a part of NWE's 2005 tracker true-up filing.
3. NWE and PSC must settle the pending judicial review of the PSC final order in PSC Docket No. D2002.11.140, Montana First Judicial District, Lewis and Clark County, Cause No. CDV-2003-443, which would allow NWE to prospectively recover the approximate \$4.6 million disallowance in PSC Docket No. D2003.6.66 and terminate the judicial review.

#### ORDER

DOCKET NO. D2003.6.66, ORDER NO. 6491e  
DOCKET NO. D2004.6.88, ORDER NO. 6579c

3

IT IS HEREBY ORDERED the NWE and MCC Stipulation and Agreement is approved,  
subject to the clarifications, qualifications, or conditions stated above.

Done and dated this 5th day of April 2005, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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GREG JERGESON, Chairman

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BRAD MOLNAR, Vice-Chairman

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DOUG MOOD, Commissioner

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ROBERT H. RANEY, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Connie Jones  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.